



**Environmental Quality Board**

658 CEDAR STREET  
ST. PAUL, MN 55155  
PHONE: 651-297-1257  
FAX: 651-296-3698  
TTY: 800-627-3529  
WWW.EQB.STATE.MN.US

February 24, 2004

Mr. Jason M. Goodwin  
Regional Manager – Safety Health & Environmental  
Midwest Power Region  
4100 Underwood Road  
Pasadena, Texas 77507

Re: Mankato Energy Center

Dear Mr. Goodwin:

Thank you for your letter of February 18 advising the Environmental Quality Board that Mankato Energy Center, LLC, a wholly owned subsidiary of Calpine Corporation, intends to submit an application for a Site Permit for a 655 megawatt combined cycle generating plant under the alternative review process specified in Minn. Rules parts 4400.2000 to 4400.2950. Because the primary fuel for this new facility is natural gas, and fuel oil is a backup fuel only to ensure uninterrupted operation if natural gas should be unavailable, this project qualifies for alternative review under part 4400.2000, subpart 1.B.

You also state that Mankato Energy Center will be submitting an application for a certificate of need to the Minnesota Public Utilities Commission. The EQB recently promulgated new rules that provide for the EQB to conduct environmental review of proposed projects at the certificate of need stage. Minn. Rules parts 4410.7010 to 4410.7070. These new rules allow for the EQB to combine environmental review for the PUC on the need question with the site specific environmental review requirements for EQB permitting. Minn. Rules part 4410.7060. You have asked that with regard to the Mankato project, that the EQB combine the environmental review in the interest of expediting the administrative process.

I believe that it would be appropriate to combine the two environmental review tasks into one document for this project, provided Mankato Energy Center can submit both a complete certificate of need application and a complete Site Permit application within a short time of each other. If the EQB has both applications in hand, it makes sense to prepare one Environmental Assessment that addresses all issues necessary for the PUC and the EQB to make their final decisions.

You have also requested that the EQB consider combining its permitting process with the PUC's certificate of need process and hold one public hearing on both matters. EQB rules do provide for consolidation of the proceedings Minn. Rules part 4400.1800,

Mr. Jason Goodwin  
February 24, 2004  
Page 2

subp. 3. However, a decision to consolidate the hearing requires approval by the EQB Board and the Public Utilities Commission. My suggestion is that we consider your request after the applications have been submitted and a public meeting has been held in accordance with EQB rules to afford the public an opportunity to ask questions about the project and raise any issues of concern.

You also mention in your letter that Mankato Energy Center will require a Pipeline Routing Permit and a high voltage transmission line Route Permit for this project. I encourage you to submit those applications as soon as possible so EQB staff can begin to process those applications accordingly.

Thank you very much for informing the EQB about your proposed project. If you have any questions about the EQB process, please contact Alan Mitchell of the EQB staff at (651) 296-3714.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Schroeder", with a long horizontal flourish extending to the right.

Robert A. Schroeder  
Chair

cc: Michael Sullivan, Executive Director, EQB  
Burl Haar, Executive Director, PUC  
Edward Garvey, Department of Commerce  
Andy Brown, Esq., Dorsey & Whitney